2011-05-19

IT Exchange Notice

IT 87/11

IT – INET Prod – NASDAQ OMX Nordic Order Routing – Reminder on additional routing strategies available in Production

NASDAQ OMX Nordic Exchanges in Stockholm, Helsinki and Copenhagen offer easy access to trading Nordic shares at other venues by means of the new NASDAQ OMX Nordic Smart Order Router. The order routing service is designed to be an integrated and cost-efficient solution available for the Nordic trading community, enabling access to the fragmented liquidity in Europe via one gateway.

Currently two routing strategies are available in Production, "SCAN" and STGY" (for reference please see INET Nordic Market Model).

This IT-notice contains information on some additional routing strategies and information on enhanced GTC and auction support.

Please note that there will be some known limitations on DMID strategy and the DIVE strategy will be postponed. See below.

Time table for the additional routing strategies and enhanced GTC support

To OTF	*2011-05-03 (currently)*
To Production	2011-05-23

Additional routing strategies
"STGV"
This Routable order follows the logic of a "STGY" where the order can be reactivated dynamically and route out again after posting in the relevant NASDAQ OMX Nordic Order Book. This happens only if there is a change in the EBBO that indicates that a minimum percentage of the remaining order volume can be matched elsewhere.

The Market Model document will stipulate this minimum percentage and will be set to 25%.

"DCAN"
This Routable order follows the logic of a "SCAN" but the order will first try to match against Nordic@Mid orders and in a second step the NASDAQ OMX Nordic Order Book before being routed to the relevant Away Market, with the EBBO according to the provisions set in the Market Model document for INET Nordic. To be able to match against Nordic@Mid orders, the Routable order must fulfill the minimum order value requirements and other requirements according to the Market Model document.
Any remaining volume of a Routable Order after routing to the relevant Away Market will be posted in the relevant NASDAQ OMX Nordic Order Book and will not be posted in the Away Market's order book. Once the order has turned to a passive order within the NASDAQ OMX Nordic order book, the order will not be attempted for routing again.

"DNGY"
This Routable order follows the logic of a "STGY" but the order will first try to match against Nordic@Mid orders and in a second step the NASDAQ OMX Nordic Order Books before being routed the relevant Away Market, with the EBBO according to the provisions set in the Market Model document for INET Nordic. To be able to match against Nordic@Mid orders, the Routable order must fulfill the minimum order value requirements and other requirements according to the Market Model document. The order can be reactivated and route out again after posting in the relevant NASDAQ OMX Nordic Order Book if there is a change in the EBBO that indicates that all or a part can be matched elsewhere.

"DIVE"
This routing strategy is only applicable for non-displayed midpoint pegged orders fulfilling Large In Scale (LIS) criteria.

This Routable order will first try to match against Nordic@Mid orders and in a second step the NASDAQ OMX Nordic Order Book. This Routable order will not be routed out to any Away markets. The Routable order will not be re-priced according to EBBO since the price is already given in the pegging instruction. The Routable Order shall first try to be executed against Nordic@Mid orders before being posted in the relevant NASDAQ OMX Nordic Order Book. To be able to match against Nordic@Mid orders the Routable order must fulfill the minimum order value requirements and all other criteria for Nordic@Mid according to the Market Model document. Any price update of the original pegged order will lead to a new match attempt and hence routing to Nordic@Mid.

"DMID"
This routing strategy is only applicable on Nordic@Mid orders. Routing is triggered by the Market segment moving into the closing auction, and results in the order being routed from Nordic@Mid to the normal NASDAQ OMX Nordic Order Book as a regular LOC (Limit On Close) with the original given limit price. If the Nordic@Mid order has been submitted without limit price the order will be routed as a MOC (Market On Close). Any Minimum Acceptable Quantity condition will be removed when the order is routed.

Enhanced GTC support
Based on member request "STGY", "DNGY" and "STGV" that come with an allowed GTC Time In Force (TIF) condition will be re-inserted with the routing attribute the following trading day. Those orders will also participate in the auction with their given limit price. Any remaining volume after the auction will be subject for routing, according to the given strategy.

Please note that submitting a "SCAN" or "DCAN" with TIF set to GTC, any remaining volume will be inserted as "BOOK" the next day, without routing out again.

The strategies "DIVE" and "DMID" are not allowed in combination with TIF set to GTC.

Enhanced auction support
Based on member request submitting Routable orders will now be possible during all trading sessions (pre-open/cont. trading/pre-close). If submitted in the auctions the orders will stick and participate in the auction instead of being rejected, and if the strategy is reactive (e.g. STGY) the order may route out after the auction (remaining volume).

Supported away markets
Order routing is available in Nordic CCP cleared shares traded at the following away markets:

- BATS Europe
- Burgundy
- Chi-X
- Oslo Børs
- Turquoise

Supported away market on First North Stockholm
Order routing is available to Oslo Børs, meaning that routing decisions are based on real time feed from Oslo Børs only. Trading on additional Oslo stocks on First North Stockholm will be communicated separately.

Market Model
The Market Model has been updated:
http://nordic.nasdaqomxtrader.com/memberextranet/inetnordic/Market_Model/

Known limitations
DIVE: This strategy will be postponed in production.
DMID: Orders without limit price will not be routed. Orders with limit price will however work as described.

An updated schedule will be communicated next week outlining when DIVE and the complete DMID will be available in production.

Due to a lot of changes to be launched on INET Nordic, Monday May 23, you will receive a summary notice separately.

Questions and feedback
For further information and feedback concerning this information, please contact Tech Support at: +46 8 405 64 10, operator@nasdaqomx.com.

Best regards,

NASDAQ OMX Nordic